

	<p>compliance, details of the reasons for non-compliance are to be provided.</p> <p>3. Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p> <p>The Auditor-General will ensure that the audit process includes a proper assessment (and reconciliation) on all national grants received by a municipality. Council should consider this aspect of the audit report and comments by the audit committee on the use of allocations received.</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>				
<p>5. Disclosures Councillors, Directors and Officials in the notes to the Annual Financial Statements. Section 124 MFMA</p> <p>124 (1) & (2)</p> <p>Information relating to benefits paid by municipality and entity to councillors, directors and officials</p>	<p>For Consideration</p> <p>Information on the following items is to be included in the notes to the annual report and AFS:</p> <ol style="list-style-type: none"> Salaries, allowances and benefits of political office 	<p>Questions</p> <ol style="list-style-type: none"> Have the salaries, allowances and benefits paid to Councillors and the Municipal Manager, CFO and Senior Managers been disclosed? Is there a statement by the Accounting Officer, stating that 	<p>Response</p> <ol style="list-style-type: none"> Council Salaries and Allowances are disclosed page 21 to 22 of the Annual Report All Salaries and allowances of Councillors are within the upper limit 	<p>Recommended Corrective Action</p> <p>N/A</p>	

	<p>bearers, councillors and boards of directors, whether financial or in kind;</p> <p>2. Any arrears owed by individual councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of councillors;</p> <p>3. Salaries allowances and benefits of the municipal manager, CEO of a municipal entity, CFO and every senior manager;</p> <p>The comments of the Auditor-General and the views of the audit committee should be used to determine the accuracy and appropriateness of this information.</p>	<p>salaries, allowances and benefits Paid to Councillors are within the upper limits of the framework envisaged in section 219 of the Constitution.</p> <p>3. Have arrears for rates and services owed by Councillors, in which the arrears was for more than 90 days been disclosed including the name of the Councillor?</p> <p>4. Have the salaries, allowances and benefits paid to members of the board of directors, CEO and senior managers of the entity been disclosed?</p>	<p>3. Councillors areas for rates are up to date</p> <p>4. The Salary and allowances of the MM and Senior Managers is captured on page 35 of the Financial Statement.</p>	
6. Municipal Performance	For Consideration	Questions	Response	Recommended Corrective Action
The annual performance reports of the municipality and entities	<p>Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report.</p> <p>In terms of key functions or services,</p>	<p>1. Has the performance report been included in the annual report?</p> <p>2. Have all the performance targets set in the budgets, SDBIP, service agreements etc, been included in the report?</p> <p>3. Does the performance</p>	<p>1. The Annual Performance Report has been included in the Annual Report and is attached as Annexure B.</p> <p>2. Performance Targets has been set in the SDBIP and Section 57 Performance Agreements</p>	N/A

<p>Audit reports on performance</p>	<p>how has each performed? E.g. have backlogs for water, sanitation and electricity been reduced? What are the refuse collection volumes, library usage statistics etc?</p> <p>To what extent has performance achieved targets set by council?</p> <p>Is the council satisfied with the performance levels achieved?</p> <p>Is the community satisfied with performance? Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents? What were the outcomes of public consultation and public hearings?</p> <p>To what extent have actions planned for the previous year been carried over to the financial year reported upon?</p> <p>Have any actions planned in the reported year been carried over to the current or future years? If so are any explanations been provided by the municipal manager and are these satisfactory?</p>	<p>evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?</p> <p>What actions have been taken and planned to improve performance?</p> <p>4. Is the council satisfied with actions to improve performance?</p> <p>5. Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</p> <p>6. Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</p> <p>7. Taking into account the audit Report and opinion and the views of the audit committee, is performance considered to be efficient and effective</p> <p>1 Have the recommendations of internal audit been acted on during the financial year?</p>	<p>3. The SDBIP is directly linked to the Performance Agreements of Section 57 and evaluated against targets and the budget.</p> <p>4, The Performance Evaluation of Service Providers, especially in the housing sector remain a concern.</p> <p>5. Targets set in the Performance Agreements are directly linked to the SDBIP and the Budget.</p> <p>1. Yes the Recommendation of the Audit Committee were acted upon, for example, Council had</p>	
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	of the internal auditing processes and annually.	2. Have recommendations by the auditor-general been included in action plans to improve performance in the following year? 1. Has an assessment been included in the Annual Report on the performance of the municipal entities? 2. Has an assessment been included in the Annual Report on the performance of all contracted service providers?	adopted the Audit Plan and Charter. The impendence of the Auditors reporting directly to the MM has been strengthen 2. The concern of the AG is attached above N/A	
Performance of municipal entities and municipal service providers	The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered. Is the council satisfied with the evaluation and conclusions of the municipality? What other actions are considered necessary to be taken by the accounting officers?			
For municipal entities – an assessment of the entity's performance against any measurable performance objectives set in terms of the service delivery agreement or other agreement between the entity and municipality	This is the separate report of the municipal entity and should contain details of service delivery agreements with the municipality and the performance measures therein. Council should consider similar issues to that outlined above for municipal performance to determine a view on the performance of municipal entities.	1. Has the entity performed in line with its service delivery agreements? 2. Have the objectives and performance measures of the entity been aligned to the overall strategy of the municipality?	N/A	

	<p>To what extent were the objectives and performance measures of the entity aligned to the overall strategic objectives of the municipality and its IDP?</p> <p>Is the report of the municipal entity consistent with the conclusions on performance evaluation by the municipality?</p> <p>What specific actions should be taken by the entity and the municipality to improve performance?</p>				
5. General information	For Consideration	Questions	Response	Recommended Corrective Action	
Relevant information on municipal entities	<p>The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality. Information to be disclosed includes names and types of entities, members of the board, addresses and contact details for entities, the purpose of the entity, the functions and services provided, the type and term of service level agreements with the entities.</p>	1. Does the Annual Report include detailed information on all municipal entities?	N/A		
The use of any donor funding support	<p>What donor funding has the municipality received? Have the purposes and the management agreements for the funding been properly agreed upon? Have the funds been used in accordance with</p>	1. Has there been disclosure of donor funding received in the Annual Report, if applicable?	All donors have been disclosed in the Financial Statement		

	agreements? Has the use of funds been effective in improving services to the community? What actions need to be taken to improve utilisation of the funds?			
Agreements, contracts and projects under Private-Public-Partnerships	Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.	1. Have details of all PPP's been disclosed in the Annual Report, if applicable?	1. No PPP in Place in 2009/10	
Service delivery performance on key services provided	This may be a high level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarised. This should cover all services whether provided by the municipality, entities or external mechanisms. Council may draw conclusions on the overall performance of the municipality. This information may be found in an executive summary section of the annual report or in statistical tables.	1. Is there a high level summary detailing the overall performance of the municipality against its strategic objectives?	1. The quarterly performance evaluation of the Municipal Manager and that of the Managers reporting directly to the Municipal Managers.	
Information on long-term contracts	Details of all long-term contracts including levels of liability to the municipality should be included. Council should ensure all information is correctly supplied.	1. Have all long-term contracts been disclosed?	1. All long-term contracts with service providers have been disclosed. With the Department of Economic Development, Waste Management Section. The IT section on Billing IT system.	
Information technology and systems purchases and the effectiveness of	Details of significant IT activities should be outlined indicating the effectiveness	1. Have significant IT activities been disclosed?	1. Disclosure of IT has made.	

these systems in the delivery of services and for ensuring compliance with statutory obligations	of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarised. Council should comment and draw conclusions on the information provided.			
Three year capital plan for addressing infrastructure backlogs in terms of the Municipal Infrastructure Grant (MIG) framework	A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided. This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets. Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.	1. Has a summary of the long-term capital plans been disclosed?	1. The Long-Term Capital Plans have been disclosed, especially in the Engineering Section. However, a more detail plan would be included in future to capture Backlogs in terms of (MIG) and Department of Minerals and Energy (DME).	
Supply Chain Management Regulations and Policy	Certain disclosures on Supply Chain matters are required to be included in the Annual Report.		The Supply Chain has been centralized and well functioning.	More training of staff in the SCM is crucial for the proper functioning of the

7. Other considerations recommended	For Consideration	Questions	Response	unit. Recommended Corrective Action
Timing of reports		1. Was the Annual Report tabled by 31 January, as per legislative requirements? 2. Has a schedule for consideration of the report been adopted?	1. The Annual Report was tabled to Council 15 th December 2010 2. Council approved the Annual Report.	
Oversight committee or other mechanism		1. What mechanisms have been put in place to prepare the oversight report? 2. Has a schedule for its completion and tabling been adopted?	1. A schedule for the adoption of the Oversight Report has been adopted by the Oversight Committee. 2. Comments have been received from councillors and has been responded into.	
Payment of performance bonuses to municipal officials	Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report. Conclusions and comments on the	1. Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council? 2. If so has a proper evaluation of performance been undertaken? 3. Was the evaluation approved by council? 4. Does the performance evaluation align and reconcile with the performance reported in the annual report? If not, what reasons have been given for non-reporting of the basis of	1. The payment of performance bonuses is subject to the adoption of the Oversight Report by Council. 2. Proper evaluation has been conducted by the Performance Evaluation Committee. 3. Not Yet Approved 4. Performance Evaluation Report is pending for submission to EXCO.	

	evaluation and payment of performance bonuses of council should be included in the oversight report.	evaluation in the annual report? 5. Are the payments justified in terms of performance reported in the annual report?	5. Payments are not yet done subject to council approval.	
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PRESENTATION BY MPMS TO DEAL WITH AG MATTERS OF EMPHASIS

OFFICE OF THE MUNICIPAL MANAGER

ROUTING:

OVERSIGHT COMMITTEE

10-01-2011

BACKGROUND

The AG office has identified two issues as a concern in our Performance Management Systems during the 2009/2010 AG Audit's report.

Planned and reported indicators not well defined

1. For the selected objectives, 70% of the planned and reported indicators were not clear, with an unambiguous definition to allow for data to be collected consistently.

Planned and reported performance targets not specific/measurable/time bound

2. For the selected objectives, 26% of the planned and reported targets were not:
 - Specific in clearly identifying the nature and the required level of performance;
 - Measurable in identifying the required performance;
 - Time bound in specifying the time period or deadline for delivery.

My responses to the AG during our interaction is attached, however, the AG indicated that there was no longer sufficient time to further audit Performance Information.

I have then developed an internal process to address all the issues as raised by the AG in compliance with the 2010-2011 financial year.

A. Action Plan 2010-2011

Action Plan	Person Responsible	Due date
Analysis and redefining of all Key Performance Indicators per department for the 2010-2011 financial year.	PMS unit	17 December 2010
The review of targets to ensure, that all targets are measurable, specific and time bound.	PMS unit	17 December 2010
Mid-Year Performance Report is submitted to Council	PMS unit	27 January 2011
Meeting with individual Head of Departments to review all PM targets and KPI	Municipal Manager and Manager Performance Management System	February 2011

Mid-Year Performance Audit Report submitted to council	Internal Auditors	February 2011
Consultation with ward committees	PMS unit	February 2011
Procurement of an IT integrated Performance Management Systems	PMS and Supply Chain Unit	31 March 2011



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Siza Sibande
MANAGER:
PERFORMANCE MANAGEMENT SYSTEMS

DETAILED AUDIT FINDING: COMPREHENSIVE RESPONSE TO PERFORMANCE MANAGEMENT ISSUES.

Predetermined objectives

1. Performance indicators not well-defined (EX.11)

Audit Finding

Regulation 9(b) of the Municipal Planning and Performance Management Regulations requires that "A key performance indicator must be measurable, relevant, objective and precise."

The following performance indicators as reported in the Annual Performance Report were not well-defined or verifiable:

Performance indicator	Target
Engineering	
Neighbourhood Grant	Planning of Project
Weighbridge	Construction of Weighbridge in Acaciavale Landfill Site
Sand mining	Ensuring that Sand Mining Contracts are in place
Limit Hill Sports field	Rehabilitation of the Sports Field
Storm water drains in Steadville	Construction of Storm water drains in Rockville, Steadville Area D and the Quarry
Storm water drains in Ezakheni	Construction of storm water drains in Ezakheni D section
Dept of Sports and Recreation	Assisting Client Departments in implementing projects
Small Town Regeneration Study: Surveillance Cameras, Mid Block parking, Rehabilitation of Sidewalks, Beautification of three town entrances and Wimpy, Sondela Parks	Assisting Client Departments in implementing projects
Human Settlement	
Limit Hill Housing Scheme	Processing of Transfers
St. \Chads Urban Housing Scheme	50 units
St. Chads Rural Housing Scheme	90 units

Steadville Area J	Awaiting for close out report
Steadville Area E	Awaiting for approval of Escalation
Steadville Area H	Matter under discussions
Umbulwane Phase 1&2 Housing Scheme	Awaiting for response
Ezakheni DD Section Housing Scheme	None
Hobsland Housing Scheme	None
Housing Database	Quarterly updates of Housing Waiting List
Housing Database for Informal Residents	Updates of Informal Residents

Internal control deficiency

The accounting officer does not exercise oversight responsibility over reporting on predetermined objectives.

Recommendation

The accounting officer should ensure that performance indicators are well-defined and verifiable.

SECTION : HUMAN SETTLEMENT

D.P.K.P.A	K.P.A	Project Description	Backlogs	Budget	Annual Target	Waste	TARGETS				PROGRESS AGAINST TARGETS	RATE	CORRECTIVE MEASURE
							30-Sep-09	31-Dec-09	31-Mar-10	30-Jun-10			
SERVICE DELIVERY : INFRASTRUCTURE DEVELOPMENT	CONSTRUCTION OF AFFORDABLE HOUSING PROJECTS	Develop a plan for affordable housing (Social)	n/a		At least identify one area for the development of an affordable housing scheme (Social)	CBD	25%	25%	25%	25%	Awaiting for response from ABSA Bank	Hand icon	Report needs to be submitted to Council
		B&C Tin Houses	341	R 12 795 102.21	341 (20 p/m)	4,1,5	60	60	60	60	42 units	Hand icon	Project moving slow council applied to appoint conveyance's
		Ezakhleni C 624	46	R 1 087 490.38	46 Units completed p/a	5	25%	25%	25%	25%	Awaiting for re-alignment from DoHS	Hand icon	Reported to Provincial Human Settlement Dept.
		Ezakhleni C 624	303	Funding DOH	221 Completed p/a	5	10%	15%	15%	15%	Project Terminated	Hand icon	Reported to Provincial Human Settlement Dept.
		Limit Hill	Nil	R 35 008.16	Completion of transfer process 100% by the end of the year	22	100%				Awaiting for 22 transfers from Attorneys	Hand icon	To complete in 2010-2011
		St Chads. Urban	876	R 5 350 762.10	50 (50 p/m)	20	25%	25%	25%	25%	60 units	Hand icon	Done
		St Chads. Rural	90	R 3 260 074.78	80 p/a	20	25%	25%	25%	25%	7 units	Hand icon	Reported to provincial Human Settlement Dept.
		Steadville Area. J	Nil	Funding DOH	Awaiting Close out and handed over by the end of the year 100%	21	25%	25%	25%	25%	Awaiting for Close out Report	Hand icon	Report needs to be submitted to Council
		Steadville Area. E	175	R 6 163 082.94	On Approval of escalation complete 100% of the project	10	25%	25%	25%	25%	Awaiting for approval of Escalation	Hand icon	Report needs to be submitted to Council
		Umbulwane Phase 1&2	137	R 7 609 157.23	Awaiting Response on approval of escalation: target for completion 100%	9	25%	25%	25%	25%	Awaiting for Council resolution for approval	Hand icon	Report needs to be submitted to Council
		DD section	7	Funding DOH	7 p/a	3	25%	25%			Awaiting to appoint Implementing Agent	Hand icon	Report to be submitted to Council
		Hobland	100%	Awaiting Funding	Business plan submitted to DOH for approval	Business Plan Approved	Business Plan Submitted				Awaiting to appoint Implementing Agent	Hand icon	Report to be submitted to Council
		Inkanyezel Hostel	25 units	R 112 842.00	Completion of project and handed over to beneficiaries: 100%	25	100%				Awaiting for DoHS to package the project	Hand icon	Report to be submitted to Council